

Message Text

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ACTION NEA-16

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-11 INR-11 LAB-06

NSAE-00 RSC-01 SIL-01 FEA-02 AEC-11 AID-20 CEA-02

CIEP-03 DODE-00 FPC-01 H-03 INT-08 L-03 NSC-07 OMB-01

PM-07 SAM-01 SCI-06 SP-03 SS-20 STR-08 TRSE-00 FRB-03

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R 031050Z SEP 74

FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC 0750

INFO AMEMBASSY ABU DHABI

AMEMBASSY AMMAN

AMEMBASSY BEIRUT

AMEMBASSY CAIRO

AMCONSUL DHAHRAN

AMEMBASSY DAMASCUS

AMEMBASSY DOHA

AMEMBASSY JIDDA

AMEMBASSY MANAMA

AMEMBASSY MUSCAT

AMEMBASSY TEHRAN

C O N F I D E N T I A L KUWAIT 3696

BEIRUT PASS BAGHDAD

E.O. 11652: GDS

TAGS: PINT, PFOR, ELAB, KU

SUBJECT: LABOR: RECENT DEVELOPMENTS IN KUWAIT AND IRAQI
INVOLVEMENT.

REF: KUWAIT 3315 (NOTAL)

SUMMARY: FAILURE OF STRIKE THREAT AGAINST LOCAL PETROLEUM AND
PETROCHEMICALS COMPANIES SEEN AS SIGNIFICANT SET-BACK TO LOCAL
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LABOR UNIONS, GOK, IN CONTRAST TO RECENT PAST, WAS PARTICULARLY

FIRM AGAINST UNIONS. GOK ATTITUDE APPEARS TO BE FUNCTION OF BEING MAJORITY OWNER NOW OF KOC AND ALSO A RESULT OF CONCERN OVER SIGN OF OUTSIDE, LEFTIST INFLUENCE, PARTICULARLY FROM IRAQ. IRAQI INFLUENCE OVER KUWAITI UNIONS COULD HAVE IMPORTANT IMPLICATIONS ELSEWHERE IN GULF. ACTION RECOMMENDATIONS RE POSSIBLE US PROGRAMS IN KUWAIT BEING SENT SEPTEL. END SUMMARY.

1. CONVERSATIONS WITH RANGE OF SOURCES ON LABOR SCENE DURING VISIT BY REGIONAL LABATT INDICATE THAT GOK MAY BE ADOPTING FIRMER POSITION TOWARDS ORGANIZED LABOR. ONE WELL-PLACED KUWAITI DESCRIBED LATEST UNION-OIL COMPANIES DISPUTE AS FIRST OCCASION, SINCE LABOR MOVEMENT CAME INTO BEING, THAT AUTHORITIES TOOK TOUGH LINE.

2. AFTER GOK GRANTED SUBSTANTIAL (20 TO 40 PERCENT) COST OF LIVING INCREASES TO PUBLIC SECTOR EMPLOYEES IN JULY, PETROLEUM AND PETROCHEMICAL WORKERS UNION DEMANDED SIMILAR PAY HIKE FOR OIL WORKERS, THREATENING OPEN-ENDED STRIKE ON AUGUST 25 IF COMPANIES DID NOT COMPLY. INSTEAD OF ASSUMING CUSTOMARY TILT TOWARD LABOR, AUTHORITIES COUNSELLED COMPANIES TO HOLD FAST AND SENT NATIONAL GUARD UNITS INTO AHMADI AND SHUAIBA AREAS (SOUTH OF KUWAIT CITY) ON EVE OF STRIKE DEADLINE. INTIMIDATION TACTICS WORKED AND, AS RESULT, STRIKE NEVER MATERIALIZED. COMPANIES FOLLOWED UP BY GRANTING UNILATERAL COST OF LIVING INCREASE AT LEVEL WARRANTED BY INFLATION, I.E. ROUGHLY HALF OF AMOUNT DEMANDED BY LABOR AND PREVIOUSLY ACCORDED TO CIVIL SERVANTS.

3. DESPITE LAST-MINUTE CONCESSION, GENERAL CONSENSUS IS THAT UNION LEADERS RECEIVED UNPRECEDENTED SET BACK (THAT COULD POSSIBLY LEAD RANK-AND FILE TO CHANGE FEDERATION LEADERSHIP IN NEXT UNION ELECTIONS) AND GOK SHOWED UNEXPECTED DECISIVENESS IN STANDING UP TO LABOR. KUWAITI SOURCE SAW TWO UNDERLYING REASONS FOR AUTHORITIES' ACTION. SINCE BECOMING MAJORITY STOCKHOLDER IN MAJOR OIL COMPANY (KOC). GOK NOW HAS DIRECT INTEREST IN KEEPING OIL WORKERS UNDER CONTROL. MOREOVER, SOURCE BELIEVED OFFICIALS WERE ANGERED BY FEDERATION LEADERS' CALL FOR SUPPORT BY "PROGRESSIVE FORCES" IN ARAB WORLD WHICH THEY CONSTRUED AS OPEN INVITATION TO FOREIGN ARAB RADICAL ELEMENTS TO INTERFERE IN DOMESTIC KUWAITI AFFAIR.

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4. GOK APPEARS INCREASINGLY DISTURBED OVER SIGNS OF OUTSIDE LEFTIST INFLUENCE - NOTABLE FROM IRAQ - ON LABOR MOVEMENT. ONE KNOWLEDGEABLE SOURCE CHARACTERIZED CURRENT HEAD OF PPWU (MOHAMAD FAHAD AL-AWAIDA AL-MANI) AS IRAQI BAATHIST AND EXPRESSED CONCERN OVER SIZEABLE NUMBER OF KUWAITI TRADE-UNIONISTS WHO HAD GONE TO WORKER EDUCATION SCHOOL AT BASRA, IRAQ IN RECENT YEARS.

5. IN ADDITION, KUWAITIS NOTE THAT RADIO BAGHDAD DEVOTED CONSIDERABLE TIME AND ATTENTION TO KUWAIT STRIKE THREAT IN EARLY AUGUST AND TO KUWAITI LABOR DEVELOPMENTS IN GENERAL. RADICAL EGYPTIAN LABOR INFLUENCE HERE HAS WANED FOLLOWING POLITICAL CHANGES IN EGYPT ITSELF. ONE KEY EGYPTIAN ADVISOR, DESCRIBED BY AN OIL COMPANY OFFICIAL AS A COMMUNIST, RECENTLY LEFT KUWAIT. KUWAITIS THINK, HOWEVER, IRAQI BAATHISTS WILL TRY TO ASSUME ROLE HELD UNTIL RECENTLY BY EGYPTIANS.

6. THESE OBSERVERS BELIEVE THAT RADICAL IRAQI INFLUENCE ON KUWAITI UNIONS WILL HAVE IMPORTANT IMPLICATIONS ELSEWHERE IN GULF. THEY CITE KUWAITI ROLE IN RECENT BAHRAIN LABOR TROUBLES (E.G. ALBA STRIKE). THEY ANTICIPATE THAT IRAQIS, PARTIALLY THROUGH KUWAITI UNION SURROGATE, WILL ATTEMPT EXPAND THEIR INFLUENCE BEYOND BAHRAIN INTO MORE CONSERVATIVE GULF STATES.

7. COMMENT: RECENT DEVELOPMENTS, PARTICULARLY SHIFTS IN GOK ATTITUDES, COULD MEAN THAT RADICAL ELEMENTS IN KUWAITI UNIONS HAVE REACHED PEAK. COMBINATION OF HEIGHTENED GOK ATTENTION TO UNIONS AND CONCERN OVER EXTERNAL RADICAL INFLUENCE LEAD EMBASSY TO SEE POTENTIAL OPPORTUNITY AT THIS TIME TO DEVELOP COUNTERVAILING PROGRAM OF US TRAINING FOR THOSE KUWAITI LABOR LEADERS WHO ARE FAVORABLY DISPOSED TO US. FURTHER IDEAS RE LABOR PROGRAMMING BEING SENT BY SEPTTEL (DEPARTMENT AND BEIRUT ONLY). STOLTZFUS

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